



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 09, 2024

RBI imposes monetary penalty on Samarth Sahakari Bank Limited, Solapur, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated September 05, 2024, imposed a monetary penalty of ₹4.50 lakh (Rupees Four lakh fifty thousand only) on Samarth Sahakari Bank Limited, Solapur, Maharashtra (the bank) for contravention of the provisions of section 12(2) read with section 56 of the Banking Regulation Act, 1949 (BR Act), non-compliance with directions issued by RBI on 'Exposure Norms and Statutory/Other Restrictions – UCBs' and operational instructions issued by RBI under 'Supervisory Action Framework for Primary (Urban) Co-operative Banks (UCBs)'. This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the BR Act.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of contravention of statutory provisions, non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said provisions of the BR Act and the RBI directions.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank had (i) allowed refund of share capital to its members, despite its last assessed CRAR being below 9 percent, (ii) sanctioned loans to nominal members in excess of the prescribed regulatory limit; and (iii) offered higher interest rates on deposits than those offered by the State Bank of India, in violation of the operational instructions issued under the Supervisory Action Framework for UCBs.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.